

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 03-0311097

**THE APPLICATION OF ENERVEST OPERATING, L.L.C. (252131) TO CONSIDER
AMENDING THE FIELD RULES FOR THE GIDDINGS (AUSTIN CHALK, GAS) FIELD,
VARIOUS COUNTIES, TEXAS**

FINAL ORDER

The Commission finds that after statutory notice in the above-numbered docket heard on July 20, 2018, the presiding Technical Examiner and Administrative Law Judge (collectively, "Examiners") have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the field rules for the Giddings (Austin Chalk, Gas) Field (No. 34773550) in various counties, Texas, are hereby amended and set out in their entirety as follows:

RULE 1: The entire correlative interval from 6,805 feet to 7,588 feet as shown on the log of the Clayton Williams Energy, Inc. – Lehman OL Unit, Well No. 1 Pilot Hole (API No. 42-287-32574), Samuel Gates Survey, A-10, Lee County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Giddings (Austin Chalk, Gas) Field.

RULE 2: No well for gas shall hereafter be drilled nearer than THREE HUNDRED THIRTY (330) feet to any property line, lease line, or subdivision line. There is no minimum between well spacing limitation. The aforementioned distances are minimum distances to allow an operator flexibility in locating a well, and the spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided, however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

The general provisions and definitions of Statewide Rule 86 shall apply as applicable, provided, however, that for purposes of spacing for horizontal drainhole wells, the following shall

apply:

- a. The first take point and last take point in a horizontal well shall not be nearer than ONE HUNDRED (100) feet from any property line, lease line or subdivision line.
- b. For each horizontal drainhole well, the perpendicular distance from any take point on such horizontal drainhole between the first take point and the last take point to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

RULE 3: The acreage assigned to the individual gas well for the purpose of allocating allowable gas production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be ONE HUNDRED SIXTY (160) acres. No proration unit shall consist of more than ONE HUNDRED SIXTY (160) acres; provided that, tolerance acreage of ten (10) percent shall be allowed for each standard proration unit so that an amount not to exceed a maximum of ONE HUNDRED SEVENTY SIX (176) acres may be assigned. Each proration unit containing less than ONE HUNDRED SIXTY (160) acres shall be a fractional proration unit. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of gas. No double assignment of acreage will be accepted.

An operator, at its option, shall be permitted to form optional drilling units of EIGHTY (80) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units, or Form P-16 Data Sheet Acreage Designation. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. Operators shall not be required to file plats with the Form P-15 or Form P-16 Data Sheet showing individual proration units for oil wells. Operators may, however, file such proration unit plats for individual wells in the field if they choose. Provided further, that if the acreage assigned to any well has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled. There is no maximum diagonal limitation in this field.

RULE 4: The field shall be classified as a non-associated gas reservoir. The daily allowable production of gas from individual wells completed in the field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among individual wells in the proportion that the acreage assigned such well for allowable purposes bears to the summation of acreage with respect to all proratable wells producing from this field.

RULE 5: Proration Units for Horizontal Drainhole Wells

- (1) For the purpose of allocating allowable gas production, acreage may be assigned to each Horizontal Drainhole Well up to the acreage determined by the following formula. (In this formula, L is the Horizontal Drainhole Displacement of the well in feet, and A is the acreage assignable.)

$$A = [(L \times 0.11488) + 160] \times 1.5 \text{ acres}$$

Provided, however, that no such calculation shall be made unless L is at least 150 feet, and provided further, that the result shall be rounded upward to the next number of acres evenly divisible by 40.

Notwithstanding that the acreage that may be assigned is to be determined by the above formula, horizontal drainhole wells may be drilled on units of this size, including the optional 80 acre size, applicable to vertical wells.

- (2) The acreage determined by the above formula is the acreage prescribed for assignment to the well, but the operator may assign a lesser amount.

Pursuant to § 2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a motion for rehearing and this Final Order is final and effective on the date the Master Order relating to the Final Order is signed.**

Done this 16th day of October 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master Order
dated October 16, 2018)**